

Message Text

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12
ORIGIN EA-10

INFO OCT-01 ISO-00 DODE-00 FS-01 ABF-01 TRSE-00 L-02 AID-05

IGA-01 /021 R

DRAFTED BY EA/PHL:RTWILLNER:TREASURY:CRBAKER:KAD

APPROVED BY EA/PHL:BAFLECK

DOD/COMP:GNICHOLSON

BF/FS:MSHAFSHUF (SUBST)

M/FRM:JMANION (DRAFT)

EA/EX:SFINE (DRAFT)

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R 192127Z FEB 75

FM SECSTATE WASHDC

TO AMEMBASSY MANILA

INFO CINCPAC HONOLULU HI

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E.O. 11652: N/A

TAGS: MARR, EFIN, RP

SUBJECT: MILITARY BANKING FACILITIES - RECOUPMENT

REF: MANILA 1668

1. AGREE WITH DESIRABILITY OF RESUMING RECOUPMENT BY MILITARY DISBURSING OFFICERS (OR MILITARY BANKING FACILITIES ACTING AS THEIR AGENTS) TO PROVIDE U.S. CURRENCY AND COIN AS NEEDED FOR U.S. MILITARY OPERATIONS IN THE PHILIPPINES. TREASURY FEELS THAT SINCE REGIONAL DISBURSING OFFICER IS NOT DIRECTLY INVOLVED IN THE TRANSACTIONS THE USE OF HIS ACCOUNTS IN SETTLEMENT CREATES UNNECESSARY STEPS AND COULD CAUSE ERRORS OR FAILURES IN SETTLEMENT. HOWEVER, THERE IS NO OBJECTION TO RDO OR OTHER EMBASSY OFFICER AS APPROPRIATE ACTING AS FOCAL POINT TO RECEIVE ADVICES OF NEED FOR MILITARY AND CONVEY THIS INFORMATION TO CENTRAL BANK. EMBASSY THEREFORE REQUESTED TO WORK OUT ARRANGEMENT ON THE FOLLOWING BASIS:

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A. MILITARY FINANCE OR DISBURSING OFFICERS (OR MBF'S ACTING AS AGENTS ON THEIR BEHALF) MAY RECOUP FROM PHILIPPINE CENTRAL BANK OR PRUDENTIAL BANK AS APPROPRIATE IN AMOUNTS AND DENOMINATIONS REQUIRED BY MILITARY. NON-APPROPRIATED FUND ORGANIZATIONS COULD OBTAIN THEIR DOLLAR CURRENCY NEEDS FROM THE MBF OR THE DISBURSING OFFICER.

B. UNDER AGREEMENT BETWEEN CLARK AIR BASE COMMANDER AND PRUDENTIAL BANK, SIGNED JULY 31, 1968 AND AMENDED SEPT. 6, 1968 (WHICH WE UNDERSTAND IS IDENTICAL TO ONE SIGNED AT SUBIC) MILITARY FINANCE OFFICERS ARE COMMITTED TO PURCHASING FROM PRUDENTIAL U.S. DOLLAR CURRENCY WHICH PRUDENTIAL FINDS IN EXCESS. IF CENTRAL BANK DESIRES MILITARY PURCHASE FIRST FROM THEM RATHER THAN FROM PRUDENTIAL, BASE/BANK AGREEMENT MAY HAVE TO BE REVISED TO ASSURE THAT U.S. DOLLARS IN EXCESS OF MILITARY NEEDS WILL NOT BE RECOUPED, WITH THE NEED FOR SHIPPING SUCH EXCESS FROM THE PHILIPPINES AT USG RISK AND EXPENSE.

2. ON COMPLETION OF ARRANGEMENTS EMBASSY SHOULD ADVISE STATE, TREASURY AND DOD OF PROCEDURES ESTABLISHED. ANY FURTHER INSTRUCTIONS AFFECTING MANNER OF MBF OPERATIONS WILL BE COORDINATED AMONG THESE AGENCIES.

3. TREASURY AND DEFENSE CONCUR. KISSINGER

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY EXPENDITURES, COMPENSATION, BANK SERVICES
Control Number: n/a
Copy: SINGLE
Draft Date: 19 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE037435
Document Source: CORE
Document Unique ID: 00
Drafter: RTWILLNER:TREASURY:CRBAKER:KAD
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750060-0303
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750230/aaaabbew.tel
Line Count: 86
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 MANILA 1668
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 22 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 JUL 2003 by ShawDG>; APPROVED <19 NOV 2003 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MILITARY BANKING FACILITIES - RECOUPMENT
TAGS: MARR, EFIN, RP, US
To: MANILA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006